

The logo for The Joshua Fund features a stylized blue wave above a large, bold, black letter 'J'. To the right of the 'J', the words 'OSHUA FUND' are written in a black, serif, all-caps font. The word 'The' is in a smaller, black, serif font to the left of the 'J'.

The JOSHUA FUND

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2022

THE JOSHUA FUND

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joshua Fund
McLean, Virginia

Opinion

We have audited the accompanying consolidated financial statements of The Joshua Fund and its subsidiary, which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Joshua Fund and its subsidiary as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of The Joshua Fund and its subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Joshua Fund and its subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
The Joshua Fund
McLean, Virginia

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Joshua Fund and its subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Joshua Fund and its subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
February 9, 2023

THE JOSHUA FUND

Consolidated Statement of Financial Position

September 30, 2022

ASSETS:

Cash and cash equivalents	\$ 3,104,067
Restricted cash	33,005
Certificates of deposit	1,495,284
Prepaid expenses and other assets	380,639
Property and equipment—net	<u>1,810</u>

Total Assets \$ 5,014,805

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	<u>\$ 760,663</u>
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Net assets:

Without donor restrictions:

Operating	3,056,220
Board designated	<u>1,000,000</u>
	<u>4,056,220</u>

With donor restrictions

Total net assets	<u>197,922</u>
	<u>4,254,142</u>

Total Liabilities and Net Assets \$ 5,014,805

See notes to consolidated financial statements

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Consolidated Statement of Activities

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:			
Support and Revenue:			
Contributions	\$ 6,647,403	\$ 381,639	\$ 7,029,042
Contributed services	182,560	-	182,560
Interest income and other losses	(13,143)	-	(13,143)
	6,816,820	381,639	7,198,459
Total Support and Revenue			
Net Assets Released:			
Purpose restrictions	300,541	(300,541)	-
	300,541	(300,541)	-
Expenses:			
Program services	6,112,771	-	6,112,771
Supporting activities:			
General and administrative	1,177,105	-	1,177,105
Fundraising	323,512	-	323,512
	7,613,388	-	7,613,388
Total Expenses			
Change in Net Assets	(496,027)	81,098	(414,929)
Net Assets, Beginning of Year	4,552,247	116,824	4,669,071
Net Assets, End of Year	\$ 4,056,220	\$ 197,922	\$ 4,254,142

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fundraising	
Grants and contracts	\$ 4,394,350	\$ -	\$ -	\$ 4,394,350
Salaries and benefits	862,665	562,015	43,278	1,467,958
Communications	425,824	39,761	157,866	623,451
Travel and hospitality	287,483	71,266	17,018	375,767
Professional services	58,222	190,108	60,553	308,883
Fees and insurance	1,101	166,380	-	167,481
Information technology	23,797	65,663	3,476	92,936
Office expenses	22,941	20,099	38,245	81,285
Organizational expenses	-	50,551	2,910	53,461
Equipment and facilities	32,166	7,405	-	39,571
Other operating expenses	2,756	2,694	166	5,616
Depreciation and amortization	1,466	1,163	-	2,629
	\$ 6,112,771	\$ 1,177,105	\$ 323,512	\$ 7,613,388

See notes to consolidated financial statements

THE JOSHUA FUND

Consolidated Statement of Cash Flows

Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (414,929)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	2,629
Loss on certificates of deposit	32,746
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(322,844)
Accounts payable and accrued expenses	394,517
Net Cash Used by Operating Activities	<u>(307,881)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of certificates of deposit	847,000
Purchases of certificates of deposit	<u>(747,000)</u>
Net Cash Provided by Investing Activities	<u>100,000</u>

Net Change in Cash and Cash Equivalents and Restricted Cash (207,881)

Cash and Cash Equivalents and Restricted Cash, Beginning of Year 3,344,953

Cash and Cash Equivalents and Restricted Cash, End of Year \$ 3,137,072

Cash and Cash Equivalents \$ 3,104,067
Restricted Cash 33,005

Total Cash and Cash Equivalents and Restricted Cash \$ 3,137,072

See notes to consolidated financial statements

THE JOSHUA FUND

Notes to Consolidated Financial Statements

September 30, 2022

1. NATURE OF ORGANIZATION:

The Joshua Fund (TJF) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, TJF is subject to federal income tax on any unrelated business taxable income. In addition, TJF is not classified as a private foundation within the meaning of Section 509(a) of the IRC. TJF was founded in 2006 to bless Israel and her neighbors in the name of Jesus, according to Genesis 12:1-3. Blessing Israel and the nations of the Middle East means praying for the peace of Jerusalem, bringing good news to the afflicted, caring for the poor, and being a light to the nations of the Middle East. TJF relies primarily on contributions to operate and conduct its programs and activities.

In 2013, TJF established a limited liability corporation (LLC) incorporated in the State of Delaware, established in order to further TJF's missions to the Middle East. The financial resources of the LLC noted above are consolidated in these financial statements because TJF is the sole member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

TJF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements as of and for the year ended September 30, 2022 include the financial resources and activities of TJF and the LLC. All material transactions and balances between TJF and the LLC have been eliminated in the consolidation. TJF and the LLC will collectively be referred to as TJF.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity term of three months or less. TJF has cash and cash equivalents on deposit with financial institutions that exceeded federally insured limits by approximately \$2,300,000, as of September 30, 2022. TJF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

RESTRICTED CASH

Restricted cash consists of funds on deposit with a financial institution as collateral for foreign currency exchange transactions.

CERTIFICATES OF DEPOSIT

Certificates of deposit consist of certificates of deposit with an original maturity term of more than three months and are carried at cost.

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Notes to Consolidated Financial Statements

September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

TJF capitalizes property and equipment purchases exceeding \$3,000 and expenses lesser amounts in the year purchased. Property and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of three to ten years.

CLASSES OF NET ASSETS

The net assets of TJF are reported in the following classes:

Net assets without donor restrictions are currently available at the discretion of the board for use in the TJF's operations.

Net assets with donor restrictions include resources restricted by donors primarily for use with certain projects.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. Contributions of goods, services, and other assets are recorded at the fair market value at the time of the gift. TJF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Contributed services of \$182,560 represent consulting services received during the year ended September 30, 2022. The services are recognized based on estimates of the fair market value of the services received. The contributed services received during the year ended September 30, 2022 did not have any donor-imposed restrictions.

FUNCTIONAL ALLOCATION OF EXPENSES

The statement of functional expenses report certain categories of expenses that are attributable to program or support activities of TJF. These expenses include depreciation and amortization, which are allocated based on the useful lives of the assets. Salaries and benefits are allocated based on time and effort, and costs of other categories are allocated based on the purpose of the expense.

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Notes to Consolidated Financial Statements

September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARD

During the year ended September 30, 2022, TJF adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the consolidated financial statements.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects TJF's financial assets as of September 30, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or the governing board has set aside the funds for specific contingency reserves and projects. TJF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Because TJF provides resources to partners in a region of the world that sometimes experiences unrest, TJF endeavors to keep adequate liquidity to meet short-term critical and humanitarian needs emanating from crisis events. Management monitors cash flows closely through board meetings and detailed financial analysis.

Financial assets:

Cash and cash equivalents	\$ 3,104,067
Restricted cash	33,005
Certificates of deposit	1,495,284
Financial assets, at year-end	<u>4,632,356</u>
Less those unavailable for general expenditures within one year, due to:	
Restricted cash	(33,005)
Board designations	<u>(1,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,599,351</u></u>

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Notes to Consolidated Financial Statements

September 30, 2022

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net as of September 30, 2022, consists of:

Software	\$	198,669
Website development		37,190
Furniture, fixtures, and equipment		5,861
		<u>241,720</u>
Less: Accumulated depreciation and amortization		<u>(239,910)</u>
	\$	<u><u>1,810</u></u>

5. BOARD DESIGNATED:

TJF has board designated net assets of \$1,000,000 as of September 30, 2022. The balance consists of board designated funds for safety reserves.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following as of September 30, 2022:

Relief and humanitarian aid	\$	108,083
Evangelism and discipleship		89,839
		<u>197,922</u>
	\$	<u><u>197,922</u></u>

7. JOINT COST ALLOCATION:

During the year ended September 30, 2022, TJF incurred joint costs for an event that included fundraising appeals. For the year ended September 30, 2022, costs associated with the event have been allocated in the consolidated statement of activities according to functional classifications as follows:

Program services	\$	198,774
General and administrative		21,598
Fundraising		57,482
		<u>277,854</u>
	\$	<u><u>277,854</u></u>

8. COMMITMENTS:

TJF has accounting service agreements and also leases an apartment through various cancellable and noncancellable operating leases. Service agreement and rent expense, for both cancellable and noncancellable commitments, for the year ended September 31, 2022 was \$530,027. Future minimum payments for noncancellable agreements as of September 30, 2022 is \$216,378 for the year ended September 30, 2023.

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Notes to Consolidated Financial Statements

September 30, 2022

9. RELATED PARTIES:

Approximately \$96,700 (1.3%) of contribution revenue was received from related parties, including certain members of the Board of Directors and their immediate family members, during the year ended September 30, 2022.

TJF shares a common member of its Board of Directors with The Joshua Fund (R.A.) (TJFRA). In addition, the President of TJF is a member of the Board of Directors of TJFRA. During the year ended September 30, 2022, TJF granted funds totaling approximately \$1,260,000 to TJFRA. A portion of this amount totaling \$184,588 is included within accounts payable and accrued expenses on the consolidated statement of financial position and is owed from TJF to TJFRA as of September 30, 2022.

As of September 30, 2022, TJF had also unconditionally granted \$150,000 to another organization with common board members. This amount had not yet been disbursed as of September 30, 2022, so this amount is recorded in accounts payable and accrued expenses on the consolidated statement of financial position.

10. RETIREMENT PLAN:

TJF sponsors a 401(k) defined contribution plan for all employees who are over the age of 21 and have worked at TJF for at least six months, but are not fully vested until one year of service. TJF provides a direct match up to 3% of employee contributions and 1/2 match of employee contributions between 3% and 5%. Total contributions was \$28,472 for the year ended September 30, 2022.

11. SUBSEQUENT EVENTS:

Subsequent to the year ended September 30, 2022, TJF granted \$1,000,000 to an organization whose President and CEO is the chairman of TJF's Board of Directors.

Subsequent events were evaluated through February 9, 2023, which is the date the consolidated financial statements were available to be issued.